

## Services snapshot

# Burundi



### KEY SERVICES DATA<sup>1</sup>, 2012

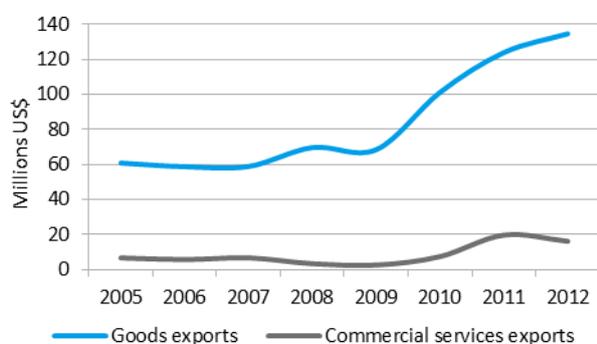
Services<sup>2</sup> share of industry value added 2010: **48%**  
 Trade in services<sup>3</sup> contribution to GDP: **12%**  
 Services share of total exports: **5%**  
 Services export composition: **other commercial services (74.5%), transportation (16.5%), travel (9%)**  
 Services import composition: **transportation (67%), other commercial services (20%), travel (13%)**  
 Services exports: **US\$ 16 million**  
 Services imports: **US\$ 188 million**  
 Services trade deficit: **US\$ 172 million**

### SERVICES AT A GLANCE

Burundi is one of the smallest states in Africa and one of the poorest landlocked countries in the world with GDP per capita in 2012 of US\$ 267. Foreign aid represents 42% of the national income, the second highest rate in Sub-Saharan Africa.<sup>4</sup> GDP grew on average 4% annually between 2006 and 2013 to reach an estimated US\$ 2.7 billion.<sup>5</sup> Growth was 4.5% in 2013, better than the other developing Sub-Saharan African countries, but expected to drop to 3% in 2016.<sup>6</sup> In value-added terms, the services sector accounted for 48% of GDP in 2010 compared with agriculture at 41%.<sup>7</sup> However, agriculture employs more than 90% of the population and is currently growing faster, at 5% growth p.a. than the services sector at 3% p.a.<sup>5</sup>

In 2012 Burundi had an overall trade deficit of US\$ 705 million. Merchandise exports account for 59% of total exports.<sup>5</sup> **Services exports, at US\$ 16 million, account for a mere 5% of total exports.** Over the 6 years to 2012, transport and travel services became less important in services export composition, respectively accounting for 16% and 9% of services exports in 2012. Over the same period, the import composition

Figure 1. Goods and services exports



has shifted dramatically with travel services becoming less important (13% in 2012) and transport services more important (67% in 2012).<sup>8</sup>

Exports of the three primary commodities alone i.e. coffee, gold (non-monetary) and tea, together amounting to US\$ 186 million<sup>9</sup> almost compensate for services imports (US\$ 188 million). Transportation accounts for the largest share of services imports in 2012 (67%), generating an overall services trade deficit of US\$ 172 million. Services exports have been on an upward growth path but less rapidly than goods exports as Figure 1 shows.<sup>8</sup>

## SERVICES SUBSECTORS

### Financial services

The banking sector is dominated by 9 banks: 6 privately owned entities and 3 State-owned banking institutions (Credit Bank of Bujumbura (BCB), the Commercial Bank of Burundi (BANCOBU) and Interbank Burundi (IBB)), with market share of more than two thirds. The sector is relatively underdeveloped and the share of population with a bank account (170,000 depositors) remains very low at only 2% of the population. There is also under-penetration of mobile money services with only 29,000 subscribers to Ecocash, a money wire transfer service by Burundi mobile operator Econet. In 2012, insurance and financial services accounted for 15% of services exports (see figure 2). **Burundi is a net importer of financial services.**<sup>8</sup>

### Communication services

Burundi has the lowest fixed telephone density as well as the lowest internet penetration in the world with only 1.3% of the population having access to Internet. Mobile-cellular phones are more popular with 26% of the population having subscribed in 2012. The share of population with access to telecommunications networks differs heavily between rural and urban areas:

Figure 2. Financial services share in services trade

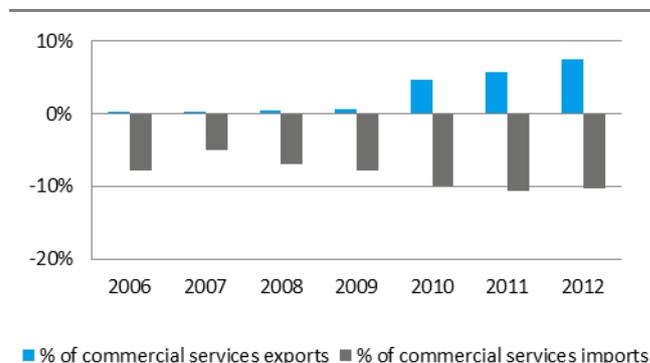


Figure 3. Communication services share in services trade

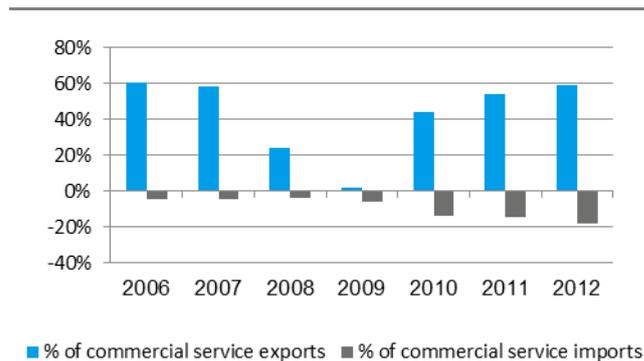
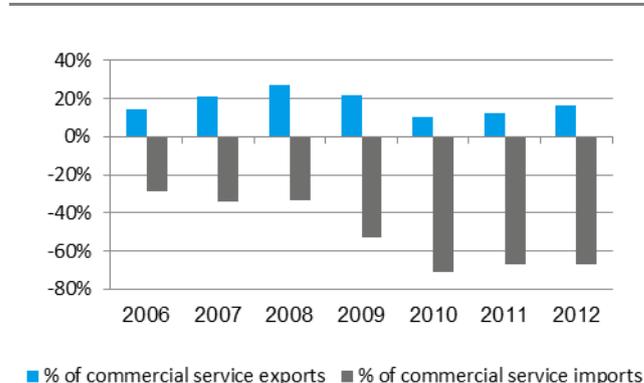


Figure 4. Transport services share in services trade



about 90% of those having access to telecoms are concentrated around cities, especially the capital Bujumbura. The ICT industries and especially the mobile phone sector, have attracted the largest share of FDI in recent years. In 2012, computer, communication and other services accounted for 60% of services exports (see figure 3). **Burundi is a net exporter of communication services with a steadily increasing trade surplus.**<sup>5</sup>

### Transport services

Roads are the most important mode of transport as the railway network is not reliable and air transport within the country is very expensive. The road infrastructure is in need of repair and upgrading. There has been some improvement during the implementation of the Road Sector Development Project, but the number of rural roads in satisfactory condition is still only around 20%. Burundi depends on its neighbours for access to sea ports in Dar-es-Salaam and Mombasa.<sup>10</sup> In 2012, transport services accounted for 16% of services exports. Burundi is a net importer of transport services with transport services imports having the largest share of services imports (67%) (see figure 4). **The trade deficit in transport sector has been gradually increasing over the years, reaching US\$ 123 million in 2012, up from US\$ 57 million in 2007.**<sup>8</sup>

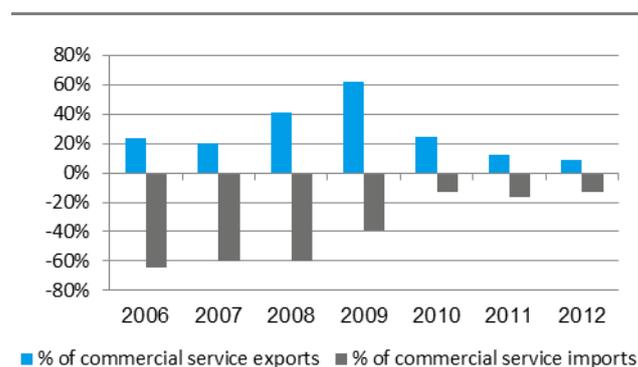
### Tourism

Inbound tourism is still hindered by long standing effects of the past civil war and internal conflicts. The hotel capacity is extremely limited and the sector suffers from under-financing.<sup>11</sup> Burundi is the only country in the region without capacity to host business conferences and without a business hotel. There has been a project under way in cooperation with the IFC World Bank to convert a waterfront hotel in Bujumbura into a four star Double-Tree hotel with 130 rooms by Hilton.<sup>12</sup>

The most recent data on international tourists arrivals is from 2010, when 142,000 arrivals were recorded.

Tourism sector registered a net drain on GDP of -2% in 2012 and international tourism receipts accounted for 1% only of total exports.<sup>13,5</sup> Travel services have declined to only 9% of services exports (see figure 5) and **Burundi is a net importer of travel services.**<sup>8</sup>

Figure 5. Travel services share in services trade



## FOREIGN DIRECT INVESTMENT (FDI)

Burundi faces challenges in attracting FDI due to the lack of a conducive business environment and the internal conflicts that have discouraged international investor confidence. Other major obstacles to inward FDI are the lack of access to financial services as well as Internet. Recently, regional partnership with EAC countries have had a positive effect on Burundi's investment and development.

The country ranks 152nd of 189 economies in the 2014 World Bank Ease of Doing Business index. From 2011 to 2013, the World Bank nevertheless named Burundi as one of the world's top economic reformers in recognition of the country's efforts to improve its business climate, attract FDI and with time graduate from its position among the world's poorest countries.<sup>14</sup>

## FOOTNOTES / SOURCES

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1. Key data derived from: United Nations Statistics Division – National Accounts Official Country Data, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint data-set).
4. CIA – The World Factbook.
5. World Bank – World Development Indicators.
6. World Bank – Global Economic Prospects.
7. United Nations Statistics Division – National Accounts Official Country Data.
8. ITC Trade Map.
9. UN Comtrade and UN ServiceTrade.
10. WTO Secretariat, TPR, Annex 1 Burundi, p. A1-139.
11. WTO Secretariat, TPR, Annex 1 Burundi, p. A1-144.
12. WB, IFC, available online: [http://www.ifc.org/wps/wcm/connect/region\\_\\_ext\\_content/regions/sub-saharan+africa/news/burundi\\_hilton](http://www.ifc.org/wps/wcm/connect/region__ext_content/regions/sub-saharan+africa/news/burundi_hilton).
13. International tourism receipts are expenditures by international inbound visitors, including payments to national carriers for international transport. These receipts include any other prepayment made for goods or services received in the destination country. They also may include receipts from same-day visitors, except when these are important enough to justify separate classification. For some countries they do not include receipts for passenger transport items.
14. World Bank Group – Doing Business Index, June 2014.



### For additional information

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